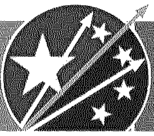
FINANCIAL TIMES

TUESDAY 29 SEPTEMBER 2015 WORLD BUSINESS NEWSPAPER EUROPE

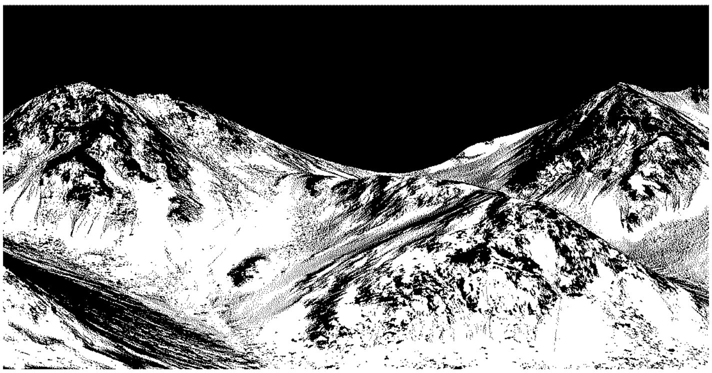
A perfect balance?
Anne-Marie Slaughter and the struggle for equality — PAGE 12

Trust the numbers
Some Chinese statistics are more believable than others — BIG READ, PAGE 8



Going off road
Tough times ahead for VW Financial Services — PAGE 16

The freakiest show: is there life on Mars?



Nasa/JPL/University of Arizona/PA Wire

Scientists have for the first time discovered strong evidence of flowing water on Mars, according to analysis of US satellite data. The liquid, detected indirectly by Nasa scientists, is different from Earth's clear mountain streams; it is a brine saturated in hydrated salts, which would be undrinkable by visiting astronauts.

It seeps slowly downhill, leaving narrow dark streaks less than 5m wide and 100m long that appear in the warm season and fade in the Martian winter. The discovery published in Nature Geoscience was confirmed by Nasa. This could have big implications for the chances of finding life on the planet.

Report page 7

Glencore shares routed as fears grow over commodities prices

● Equity value could be wiped out, warns Investec ● Glasenberg stake falls below £1bn

DAVID SHEPPARD, NEIL HUME AND JAMES WILSON — LONDON

Glencore, the trading house that made billionaires of its top executives in a record-breaking flotation four years ago, lost up to a third of its market value in frenzied trading as fears of a prolonged commodity downturn mounted.

Shares in the UK-listed company, whose rise came to symbolise the decade-long commodity boom, suffered their biggest fall to a record low of 67p after analysts at one investment bank said Glencore's equity value could be wiped out if metal prices remained at current levels. Its stock closed down 29 per cent at 69p.

The share price rout is another blow to Ivan Glasenberg, the pugnacious Glencore chief executive, who took the company public and transformed it into one of the world's biggest miners through the acquisition of Xstrata in 2013, but also left it saddled with big debts.

Glencore has been the biggest faller on the FTSE 100 this year, losing more than 77 per cent. The latest fall took Mr Glasenberg's stake below £1bn in value yesterday for the first time, reducing it to £850m ($1.29bn). Nearly 300m shares changed hands — almost four times the daily average. It was the highest turnover since it listed at 530p in May 2011.

Concern about a slowdown in China has hit the mining sector hard, with demand slowing just as years of investment in new production brings a glut of supply on to world markets. The price of many raw materials, including copper, coal and oil — all commodities that Glencore produces and trades — are close to their lowest levels since the financial crisis.

The share prices of other big mining houses, such as Anglo-American, BHP Billiton and Rio Tinto, have been dragged down but not as dramatically as Glencore's.

Glencore has suffered most because of concerns over its high levels of debt, which stand at almost double its market capitalisation of $16bn.

Analysts at Investec, who wrote the report, yesterday warned that if commodity prices stayed at current levels a much greater percentage of Glencore's earnings would be needed to service its debt.

"If commodity prices don't appreciate where does that leave shareholders?" said Investec analyst Hunter Hillcoat.

"At current spot prices, all else being the same, Glencore's equity value is zero."

Glencore declined to comment on the share price fall and the report. But a person familiar with its operations expressed doubt over the Investec claims, forecasting earnings of $8bn before interest, tax, depreciation and amortisation this year at current commodity prices.

Bankers said the company's credit lines would not be affected by the plunge in the share price.

Glencore says it is being used by hedge funds as a proxy to bet against China, with money managers taking short positions because of its exposure to copper — one of the building blocks of China's decade-long industrialisation.

Additional reporting by Miles Johnson and Joel Lewin

29%
Plunge in Glencore share price yesterday

77%
Fall in shares since the start of the year

Briefing

▸ Obama and Putin in UN clash over Syria
US President Barack Obama and Russian counterpart Vladimir Putin have exchanged the sort of rhetorical barbs not seen at the UN since the cold war as they clashed over tackling the Syrian war and the future of Bashar al-Assad.— PAGE 2

▸ Lawsuits mount amid Treasuries claims
Investors have filed 23 claims alleging that the banks and brokers that underwrite the US Treasury market colluded to manipulate prices to their benefit.— PAGE 15; INVESTORS CRY FOUL, PAGE 24

▸ Doubts over China carbon trading start
A 2017 start for a Chinese carbon trading scheme announced on Friday referred only to a preliminary rollout, it has emerged.— PAGE 4; BIG READ, PAGE 8; EDITORIAL COMMENT, PAGE 10; GIDEON RACHMAN, PAGE 11

▸ Catalan clash over independence vote
Pro-independence parties have gained a majority of parliamentary seats in the Catalan elections but failed to win over a majority of voters, as support for a split from Spain hits a plateau.
— PAGE 3; EDITORIAL COMMENT, PAGE 10

▸ Scandal stalks Portugal general election
Two unconnected cases involving former Socialist leader José Sócrates and Ricardo Espírito Santo Salgado, once Portugal's most eminent banker, have taken centre stage ahead of Sunday's poll.— PAGE 6

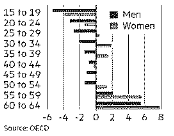
▸ Comcast to buy Osaka theme park stake
The biggest US cable group has agreed to pay $1.5bn for a majority of the owner of Osaka theme park Universal Studios Japan, as the demographics of the ageing nation take their toll on the sector.— PAGE 18

▸ Pope's comments spur US climate push
Hedge fund billionaire and climate campaigner Tom Steyer has seized on the Pope's support for action on global warming and is set to make the pontiff a feature of the election campaign.— PAGE 5

Datawatch

Change in labour force participation rates by age

G7 countries. 2007-2014. % points



Source: OECD

G7 labour force participation has risen among those aged 55 and over but fallen for the younger population since the start of the financial crisis. For those in their thirties, participation has fallen for men and risen for women

Liberty and Vodafone end European tie-up talks

Report ▸ PAGE 15

Green campaigners celebrate as Shell pulls out of Arctic after failing to find oil

CHRISTOPHER ADAMS — LONDON
ED CROOKS — NEW YORK

Environmental campaigners reacted with jubilation to the news that Royal Dutch Shell had abandoned a contentious Arctic drilling programme off Alaska after failing to strike oil.

The decision brings to an end almost a decade of efforts that could ultimately cost the Anglo-Dutch group $8bn, a sum described by analysts as "staggering" for a dry well.

It makes extensive development of the Arctic, seen as the last big oil and gas frontier, unlikely for years to come.

Shell said it did not find sufficient amounts of oil and gas in its Burger J well, in the Chukchi Sea, to warrant further exploration, and said it would take billions of dollars in writedowns. It ruled out a return to the region "for the foreseeable future", blaming the project's cost and a "challenging and unpredictable" US regulatory environment.

Marvin Odum, upstream Americas director, said the area was "likely to ultimately be of strategic importance to Alaska and the US. However, this is a clearly disappointing exploration outcome for this part of the basin."

Shell expects to suffer losses of up to $4.1bn with its third-quarter results, reflecting an asset writedown and the cost of contractual commitments. It will try to farm out its 30-strong fleet of vessels, including two drilling rigs.

The collapse in oil prices since last June, from more than $115 a barrel to less than $50 now, has called into question the viability of difficult, high-cost production in areas such as the Arctic.

The Burger prospect is in a largely unexplored area estimated by the US as potentially holding 4.3bn barrels of recoverable oil.

Industry rivals have been watching to see whether Shell could overcome severe technical, regulatory and legal challenges. Its inability to find commercially viable reserves will send a signal that, at a time when companies are seeking to save every possible dollar, Arctic exploration does not justify the cost.

Environmental groups, which opposed Shell's drilling programme, claimed victory.

Michael Brune, executive director of the Sierra Club, said it was "joyous news", adding that he hoped the US would now cancel sales of new leases off the coast of Alaska, including three scheduled for 2016-17.

Nick Butler page 11
Arctic defeat page 17

Austria	€3.60	Macedonia	Den220
Bahrain	Din17	Malta	€3.50
Belgium	€3.60	Morocco	Dh43
Bulgaria	Lev7.50	Netherlands	€3.60
Croatia	Kn27.50	Nigeria	Naira715
Cyprus	€3.50	Norway	NKr34
Czech Rep	Kc100	Oman	OR1.50
Denmark	DKr32	Pakistan	Rupee 250
Egypt	E£20	Poland	Zl 18
Finland	€4.10	Portugal	€3.50
France	€3.60	Qatar	QR15
Germany	€3.60	Romania	Ron17
Gibraltar	£2.50	Russia	€5.00
Greece	€3.50	Saudi Arabia	Rls15
Hungary	Ft990	Serbia	NewD420
India	Rup170	Slovak Rep	€3.60
Italy	€3.50	Slovenia	€3.50
Kazakhstan	US$5.50	Spain	€3.50
Kenya	Kshs300	Sweden	SKr37
Kuwait	KWD1.50	Switzerland	SFr5.90
Latvia	€6.99	Tunisia	Din7.50
Lebanon	LBP7500	Turkey	TL9
Lithuania	€4.30	UAE	Dh15.00
Luxembourg	€3.60		

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World Markets

STOCK MARKETS

	Sep 28	prev	%chg
S&P 500	1896.97	1931.34	-1.78
Nasdaq Composite	4587.48	4686.50	-2.11
Dow Jones Ind	16090.69	16314.67	-1.37
FTSEurofirst 300	1344.13	1374.50	-2.21
Euro Stoxx 50	3042.20	3113.16	-2.28
FTSE 100	5958.86	6109.01	-2.46
FTSE All-Share	3280.62	3351.40	-2.17
CAC 40	4357.05	4480.66	-2.76
Xetra Dax	9483.55	9688.53	-2.12
Nikkei	17645.11	17880.51	-1.32
Hang Seng	21186.32	21095.98	0.43
FTSE All World $	249.71	253.66	-1.56

CURRENCIES

	Sep 28	prev		Sep 28	prev
$ per €	1.121	1.117	€ per $	0.892	0.895
$ per £	1.519	1.518	£ per $	0.659	0.659
£ per €	0.739	0.736	€ per £	1.354	1.358
¥ per $	119.890	120.815	¥ per €	134.379	134.993
¥ per £	181.963	183.356	£ index	91.267	91.399
€ index	87.406	87.777	$ index	104.073	103.263
SFr per €	1.093	1.092	SFr per £	1.480	1.483

COMMODITIES

	Sep 28	prev	%chg
Oil WTI $	44.65	45.70	-2.30
Oil Brent $	47.46	48.60	-2.35
Gold $	1131.05	1146.65	-1.36

INTEREST RATES

	price	yield	chg
US Gov 10 yr	98.66	2.15	0.00
UK Gov 10 yr	101.72	1.81	-0.03
Ger Gov 10 yr	103.55	0.63	-0.02
Jpn Gov 10 yr	100.53	0.35	0.02
US Gov 30 yr	96.68	2.94	0.01
Ger Gov 2 yr	101.74	-0.23	0.00
	price	prev	chg
Fed Funds Eff	0.14	0.13	0.01
US 3m Bills	0.01	0.01	0.00
Euro Libor 3m	0.04	0.04	0.00
UK 3m	0.58	0.58	0.00

Prices are latest for edition Data provided by Morningstar

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